

INFORMATION REPORT INFORMATION REPORT

CENTRAL INTELLIGENCE AGENCY

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COUNTRY Poland

REPORT

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SUBJECT Central Union of Labor Cooperatives,
Warsaw

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Enclosure "A", a chart showing the organizational
structure of the Central Union of Labor Cooperatives

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Background

1. The Central Union of Labor Cooperatives (Centralny Związek Spółdzielczości Pracy - CZSP) was set up in the fall of 1954 as an independent government administrative department with status equal to that of a ministry. The CZSP was created from the Department of Cooperative Production (Departament Produkcji Spółdzielczej) and from certain sections detached from the Ministry of Small Industries and Crafts (Ministerstwo Przemysłu Drobno i Rzemiosło). The sections detached from the Ministry of Small Industries and Crafts whose functions, including control of certain cooperatives, were absorbed by the CZSP were: Union of Industrial and Handicraft Cooperatives (Związek Spółdzielni Przemysłowych i Rzemieslniczych - ZSPiR); Disabled Persons Cooperative Center (Centrala Spółdzielni Inwalidzkich - CSI); and the Center for Folk and Art Crafts Industry (Centrala Przemysłu Ludowego i Artystycznego - CPLA).
2. [redacted] one of the reasons the CZSP was made an independent central government administrative department and not a ministry was that the Polish government hoped that the CZSP might become a member of the International Cooperative's Union. The government had been trying to gain membership in this organization for some years, but without success. [redacted] an office existed, the Central Union of Cooperatives (Centralny Związek Spółdzielczy - CZS), which had been created explicitly for the purpose of representing Polish cooperatives abroad. This organization, which was located at Nowy Świat 51, Warsaw, had no jurisdiction over cooperatives within Poland. [redacted] this organization organized receptions for foreign visitors, sent delegates to cooperative movement conferences abroad, especially in the West, and collected information concerning new developments in cooperative movements abroad.
3. The labor cooperatives were created by the Polish government in order to absorb small, privately-owned workshops and individual artisans who remained after the nationalization of industry had taken place. The liquidation of these groups was effected by such means as high taxation and restrictions on their supplies of raw materials. In the first stages, craftsmen who were forced to close their private workshops, were organized into so-called auxiliary cooperatives (spółdzielnie pomocnicze). These craftsmen still owned the means of production, machinery and tools, and continued to work in their homes. However, the auxiliary cooperatives organized their production, supplied them with raw materials, and took over the resulting products. At the next stage of absorption, the cooperatives took over the means of production and provided the working facilities. In this way, the craftsmen involved became a so-called labor cooperative. It was the task of the CZSP to channel the production efficiency of these labor cooperatives in order that they could later be transferred into a still further stage of absorption, i.e., so that they could be included into so-called local industry (przemysł terenowy) which embraced nationalized, medium-sized factories and workshops and which was controlled by the Ministry of Small Industries and Crafts. In the final development of this cycle, the best

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enterprises making up local industry, when they had achieved high standards and efficiency of production, were subordinated to the ministries of key industries.

4. The labor cooperatives supplemented production of consumer goods of key industries and produced certain high quality luxury goods whose creation was very time-consuming. Part of these high quality goods, produced mainly by cooperatives belonging to the Folk and Art Crafts Industry, were exported, the rest were sold in "Gallux" luxury goods shops. The labor cooperatives also produced a variety of products for the Army, the Navy, and the Air Force such as summer uniforms, winter field caps, flight suits, gloves, insignia, leather and canvas equipment bags, harnesses for horses, buckles, and target shields. The CZSP, within the framework of long-term Communist economic policy, organized the production and efficiency of these labor cooperatives in order that they could later become a part of local industry, and in order to supplement the production of consumer goods of key industries.

5. [redacted] the CZSP controlled about 4,000 labor cooperatives throughout Poland representing all trades with the exception of agricultural production (the collective farms) and the cooperatives controlled by the Peasants' Mutual Aid Union (ZSCE). The labor cooperatives under the control of the CZSP employed a total of about 400,000 artisans and workers. The types of cooperatives belonging to the CZSP are listed on pages 22 and 23. The CZSP headquarters were located in Warsaw with offices in four places:

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- a. 47 Zurawia Street, a five-story building
- b. 4 Zurawia Street, a five-story building
- c. 3 Kopernika Street, a part of a six-story building
- d. 15 Kopernika Street, the second and third floors of a six-story building

It was planned to build two new buildings at 47-a and 4-a Zurawia Street to replace the buildings on Kopernika Street. The new buildings were to be finished in 1957 and were to be financed by CZSP funds.

Organisation

6. The organisational structure of the CZSP [redacted] is shown on the attached diagram (pp. 24-27). It was composed of:
- a. Head offices in Warsaw which employed about 960 people.
 - b. Nineteen Voivodship (provincial) Unions of Labor Cooperatives (Wojewodski Zwiasek Spoldzielni Pracy - WZSP), including the cities of Warsaw and Lodz as separate unions, which controlled labor cooperatives located in their areas.
 - c. Several National Unions of Labor Cooperatives (Krajowy Zwiasek Spoldzielcosci Pracy - KZSP) which controlled the best labor cooperatives detached from voivodship unions of labor cooperatives located all over Poland.

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7. The CZSP was directly subordinated to the Council of Ministers, Deputy Premier Eng. Tadeusz Gede supervising the CZSP

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The State Economic Planning Commission also exercised controls over the CZSP; while the Department of Light Industry of the Central Committee of the Polish United Workers' (Communist) Party (PZPR) controlled the CZSP along Party lines. The CZSP further cooperated closely with the Ministry of Internal Trade, with the Ministry of Light Industry, and with the Ministry of Machine Industry.

8. There were two supervisory boards theoretically over the CZSP their existence was a formality:

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a. The Supervision Board (Rada Nadzorcza) under the chairmanship of Zygmunt Moskwa, Minister for Small Industries and Crafts, was composed of several members, some of whom were probably appointed by the government but who were formally elected from the membership of all labor and other cooperatives. This board met several times a year in order to approve policy, however, it had no real authority or importance. Such supervisory councils existed at every level of the CZSP and of the individual labor cooperatives. Members of individual cooperatives elected their own supervisory councils which, in turn, theoretically elected delegates who elected the voivodship and national union supervisory council. Such elections were only a formality however, since those chosen as members of the supervisory councils at the voivodship level had to be approved by the voivodship committee of the CZPR, and those for the CZSP had to be approved by the Central Committee of the PZPR. In both cases, arrangements were covertly completed before the elections were held.

b. The Auditing Commission (Komisja Rewizyjna), under former Vice Marshall of the Sejm, Szwabe, was the second supervisory board over the CZSP. It was composed of selected employees from subordinated unions and cooperatives.

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it also had no real importance.

9. The head of the CZSP was Chairman (Prezes) Adam Zebrowski, former Minister of Small Industries and Crafts. The chairman was individually responsible for all of the activities of the CZSP, for implementing the government policies concerning the development of cooperatives, and for effecting production plans. Under the chairman of the CZSP were three deputies and five vice chairmen, each of whom was responsible for assigned problems, and for the control of subordinated departments. Board meetings (posiedzenie zarzadu), attended by the deputies, the vice chairmen, and some department directors, were often called by the Chairman two or three times a week. Conferences of voivodship and national unions (narady prezesow) chairmen were held from time to time in Warsaw and, in addition, each department of the CZSP organized monthly production conferences (narady produkcyjne) to which chairmen or deputies of the voivodship and national unions were summoned. The subordinated unions and individual cooperatives were often inspected by directors, inspectors, and senior employees of the CZSP. Under the direct supervision of the Chairman were:

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- a. The Chairman's Cabinet (Gabinet Prezesa) under Director Suladziński (fnu). This cabinet was composed of a legal section, of a councillor for each of the three fields of production, investment, and technical matters, of a section for cooperation with foreign countries, a claims section, and a press section.
- b. Cadre Department (Dział Kadr) under Vice Director Tatarko (fnu) which was responsible for the hiring and the discharging of all personnel in the head offices from the level of section chief downward. Executive employees from the level of vice director or chief of department upwards were on the roster of the Central Committee of the PZPR and were assigned to their jobs only with its approval. The assignment of chairmen and vice chairmen to voivodship and national unions of labor cooperatives was handled in cooperation with the secretaries of the voivodship committees of the PZPR. The Department of Cadres was responsible for enforcing discipline of work, for investigating subordinate voivodship and national unions in cases of irregularities, and for keeping all personnel records.

10. The deputies of the CZSP had the following responsibilities:

- a. Deputy Chairman Niemiec (fnu) was responsible for all matters concerning service cooperatives and for the repair and construction of buildings cooperatives. Subordinated were two departments which cooperated closely with, and supervised the activities of the voivodship unions of labor cooperatives:
 - (1) Administration of Service Cooperatives (Zarząd Usług), made up of several sections, which dealt with planning, industrial services, non-industrial services, and social and entertainment services. This department was responsible also for planning for the development of service cooperatives and for the implementation of their production plans.
 - (2) Administration of Construction and Repair (Zarząd Budowlany), composed of several sections, which supervised the construction and repair of cooperatives. This department approved the production plans of the voivodship unions of labor cooperatives and controlled the implementation of these plans.
- b. Deputy Chairman Landesberg (fnu) was responsible for the CZSP's entire planning program, including employment, wages, and the establishment of norms for vocational training. He was particularly responsible for the planning and implementation of military production. Deputy Chairman Landesberg cooperated closely with the State Economic Planning Commission and often inspected subordinated voivodship and national unions of labor cooperatives. Directly subordinate to him were the following departments:
 - (1) Planning Department (Dział Planowania), under Vice Director Tadeusz Kistryn, composed of the following sections:

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- (a) Over-all Planning
 - (b) Methods of Planning
 - (c) Local Plans
 - (d) Central Plans
 - (e) Reporting and Statistics
- (2) Employment, Wages, and Norms Department (Dzial Zatrudnienia, Plac i Norma CZSP), under Director Futro (fnn), which was composed of the following sections:

- (a) Planning
- (b) Reports and Statistics
- (c) Employment
- (d) Wages and Salaries
- (e) Norms

- (3) Department of Special Production "S" (Dzial Produkcji Specjalnej "S") under Director Andrzejewski (fnn).

The department was responsible for production of goods for the army, the internal security corps and for the militia. It cooperated closely with the Ministry of National Defense, with the Department of Military Production of the State Economic Planning Commission, and with the provincial and national unions of labor cooperatives in all matters concerning planning and implementation of military production plans.

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- (4) Vocational Training Department (Dzial Szkolenia Zawodowego) under Director Opiela (fnn). This department was responsible for organizing and supervising courses of vocational training for employees of labor cooperatives, and with educational programs and vocational courses for schools. The Vocational Training Department was also responsible for publications having to do with labor cooperatives.

- c. Deputy Chairman Wladyslaw Gogolewski was responsible for the entire production of labor cooperatives and for the implementation of the governmental economic and political policies concerning the labor cooperatives. Gogolewski cooperated with other government departments responsible for investments and technical development, and with departments responsible for supplies and sales. Directly subordinated to him were the following departments:

- (1) Administration of Textile, Clothing, and Leather Goods Production (Zarsad Produkcji Wlokienniczo-Odziesowej i Skorsanej CZSP) under Director Aleksander Buraki and

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Vice Director Ryssard Kalinowski. This department was composed of the following sections:

- (a) Planning
- (b) Textile Production
- (c) Clothing Production
- (d) Leather Goods Production
- (e) Technical Control

The Administration of Textile, Clothing, and Leather Goods Production supervised production in the above fields in the subordinated voivodship and national unions of labor cooperatives. The administration cooperated with the Planning Department of the CZSP, with the State Economic Planning Commission, the Ministry of Light Industry, with the Ministry of Internal Trade, and with organizations subordinated to them in matters concerning the supply of raw materials, the sale of products, and investments in machinery. It organized quarterly conferences attended by representatives from the voivodship and national unions of labor cooperatives, and prepared administrative orders, directives, and instructions for subordinated unions.

- (2) Administration of Wood, Paper, and Miscellaneous Production (Zarsad Produkcji Drzewnej Papierniczej i Różnej) under Director Palacz (fmu). This department was composed of the following sections:

- (a) Planning
- (b) Wood Production
- (c) Miscellaneous Production
- (d) Technical Control
- (e) Services

The activities and responsibilities of this administration were similar to those described above under c. (1).

- (3) Administration of Metal and Electro Technical Production (Zarsad Produkcji Metalowo - Elektrotechnicznej) under Director Buchelt (fmu). The composition and responsibilities of this administration were similar to those described above under c.(1).
- (4) Administration of Chemical Pharmaceutical and Comestibles Production (Zarsad Produkcji Chemiczno-Farmaceutycznej i Spozywczej) under Director Michalski (fmu). Its sectional divisions and responsibilities were also similar to those described above under c.(1).

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- (5) Independent Section of Cooperation (Samodzielny Wydział Kooperacji), under Jondzel (fnu), which was responsible for coordination of all military production projects which fell into the production administrations described above (paragraphs one through four). The Independent Section of Cooperation worked closely with the Department of Special Production, and with other independent sections of cooperation within the CZSP and within the subordinated provincial and national unions of labor cooperatives. This section was also responsible for the quantity, the quality, the timeliness of deliveries, and the security of military production.
- (6) Independent Section for Mineral Industry Production (Samodzielny Wydział Produkcji Przemysłu Mineralnego), under Pietkiewicz (fnu), which was responsible for the production of construction materials, porcelain, pottery, ceramics, and glass products.
- (7) Independent Fishing Section (Samodzielny Wydział Rybołówstwa) under Milanowski (fnu). This small section supervised fresh and deep sea fishing cooperatives. It cooperated with the Ministries of Navigation, and of Internal Trade, with other departments and sections, and with subordinated unions of labor cooperatives of the CZSP in this field.

11. The vice chairmen of the CZSP had the following responsibilities:

- a. Vice Chairman Piekut (fnu) was responsible for all problems concerning technical development in labor cooperatives, for its laboratories, for investment in and distribution of machinery necessary to production, and for the maintenance and repair of this machinery. In these duties, the Chairman cooperated with the State Economic Planning Commission, the Ministry of Machine Industry, the Ministry for Foreign Trade and, within the CZSP, with Deputy Chairman Wladyslaw Gogolewski who was responsible for production. Directly subordinate to Vice Chairman Piekut were the following departments:
 - (1) Technical Department (Dział Techniki) under Rutkiewicz (fnu). Among several divisions of the department were sections concerned with technical development and with handling of work suggestions. The Technical Department, which cooperated closely with the production administrations of the CZSP, kept machinery records and supervised the provincial and national unions of labor cooperatives in matters of machinery installation and technical development.
 - (2) The Investment Department (Dział Inwestycji), under Director Gorski (fnu), worked out investment plans concerning machinery, then supervised their implementation.
 - (3) The Mechanical and Electrical Power Department (Dział Mechaniczno-Energetyczny), under Director Karasinski (fnu),

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was responsible for the distribution of machinery, spare parts, electric power equipment, and coal, and for the operation of maintenance and repair workshops.

- b. Vice Chairman Wlodzimierz Smolenski was responsible for the supply of raw materials, for the sale of manufactured products, and for matters of export. He cooperated with the State Economic Planning Commission, with the Ministries of Internal and Foreign Trade and, within the CZSP, with Deputy Chairman Niemiec and Deputy Chairman Wladyslaw Bogolewski. Directly subordinated to Smolenski were the following departments:
- (1) Central Supply Administration (Centralny Zarsad Zupatrzenia). This department prepared the raw materials distribution plan for subordinated provincial and national unions, it cooperated with the CZSP production departments in approving the norms for raw materials consumption, and it supervised the supply administrations in the subordinated unions of labor cooperatives.
 - (2) The Central Sales Administration (Centralny Zarsad Zbytu), under Poplawski (fnu), was responsible for planning and supervising the implementation of sales and distribution plans for all products manufactured by labor cooperatives. It cooperated with the CZSP administrations of production, with internal trade sales centers subordinated to the Minister of Internal Trade, and with the Ministry of Foreign Trade in matters concerning export. It supervised sales administrations in the subordinated unions of labor cooperatives and was also responsible for the activities of the model shops (sklep wzorcowy) which were organized in large voivodship towns. The Central Sales Administration had a planning section, a sales section for each of the six fields of production, an export section, and an independent section for matters of special military production.
- c. Vice Chairman Piotrowski (fnu) was responsible for directing the finances of the CZSP and of the subordinated voivodship and national unions of labor cooperatives. In the conduct of financial matters such as the determination of the costs of production, the setting of prices, and the determination of the profits of the labor cooperatives, Piotrowski cooperated with the State Economic Planning Commission, with the Minister of Finance, and with the Polish National Bank. Directly subordinated were the following departments:
- (1) Department of Costs and Prices (Dzial Kosztow i Cen), under Waszkiesles (fnu), whose several sections cooperated closely with the administrations of production and of services of the CZSP, and which supervised the provincial and national unions of labor cooperatives in the costs and prices field.
 - (2) Finance Department (Dzial Finansowy), under Director Jumiter (fnu),

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- d. Vice Chairman Carnarcosyk was responsible for the operation of all cooperatives, for investigations of irregularities, and for work safety and hygiene. Carnarcosyk supervised the physical administration and the logistical supply of the offices of the CZSP in Warsaw; he cooperated with the State Economic Planning Commission, the Ministry of State Control, and with all of the vice chairmen of the CZSP. Directly subordinated were the following departments:
- (1) Administrative Department (Zarnad Administracyjno-gospodarsky) which was responsible for the logistical support of the CZSP offices in Warsaw. Sections of this Administrative Department included a mail registry, a bookkeeping department, pay office, typist pool, printing section, telephone exchanges, transportation section (12 automobiles and two trucks were maintained), building maintenance, furniture supply, and general housekeeping section.
 - (2) Department of Organization and Autonomy (Dzial Organizacji i Samorządu). This department kept detailed records on all labor cooperatives and worked out the plans and made suggestions concerning the development and reorganization of labor cooperatives. The Department cooperated with the State Commission of Economic Planning, with all of the departments and administrations of the CZSP, and with subordinated unions of labor cooperatives.
 - (3) Control and Investigation Department (Dzial Rewizji i Kontroli), whose several sections investigated the subordinated unions and labor cooperatives in order to ferret out and to eliminate irregularities.
 - (4) Social Department (Dzial Socjalno-bytowy), under Mrs. Zawadska (fnu) whose several sections were responsible for social welfare problems. This department cooperated with the Central Council of Trade Unions, with the State Commission of Economic Planning, and with welfare sections in subordinated unions of labor cooperatives. It supervised rest homes owned by the CZSP, assigned organized vacation funds, directed summer and winter camps for children, and supervised kindergartens and nurseries.
 - (5) Independent Safety and Hygiene of Work Section (Samodzielny Wydział Bezpieczeństwa i Higieny Pracy) kept detailed records on all accidents which occurred in subordinated labor cooperatives and prepared instructions for accident prevention. This section inspected the working conditions in labor cooperatives, and was responsible for the allocation of soap and of milk in the cases where the latter was authorized.
- e. Vice Chairman Madej (fnu) was responsible for the persons employed by the Disabled Persons Cooperatives. The department,

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titled the Administration of Productivity of Disabled Persons (Zarsad Produktywisczji Inwalidow), was composed of three sections which studied the possibilities of employing disabled persons, and which inspected cooperatives utilizing these people in order to check on their well-being.

Organisation of the Voivodship Unions of Labor Cooperatives

12. Each voivodship union of labor cooperatives was headed by an administrative office organized similarly to that of the chief office of the CZSP. In charge of each voivodship union was a chairman under whom were two or three vice chairmen. Voivodship offices were broken into the following sections:
- a. Cadre Section
 - b. Coordination of Plans
 - c. Employment, Wages and Norms
 - d. Special Production
 - e. Technical Section
 - f. Organisation Section
 - g. Activisation of Disabled Persons
 - h. Supply Administration
 - i. Sales Administration
 - j. Service Cooperatives Administration
 - k. Administration of Textiles, Clothing, and Leather Goods Production
 - l. Administration of Wood, Paper, and Miscellaneous Production
 - m. Administration of Metal and Electro-technical Production
 - n. Administration of Chemical, Pharmaceutical and Comestibles Production
 - o. Administration of Construction and Building Repair Cooperatives
 - p. Cost and Finance Section
 - q. Investments Section
 - r. Mechanics and Electrical Power
 - s. Fishing Section (in those unions including fishing cooperatives)
 - t. Safety and Hygiene of Work
 - u. Vocational Training Section

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v. Transport Section

w. Control and Investigation Section

x. Administrative Section

As in the head offices of the CZSP, some of the above listed sections were divided into sub-sections, others had only individual officers in charge of functions. The number of employees in each voivodship union depended on the number of labor cooperatives subordinated to it. The voivodship unions of labor cooperatives worked closely with the voivodship commission of economic planning and with departments of trade and industry of the voivodship peoples' council. Voivodship supply and sales administrations maintained warehouses for raw materials and for finished products, and controlled all labor cooperatives in their areas.

Organisation of Individual Labor Cooperatives

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[redacted] a chairman was in charge of every cooperative under whom functioned an administrative office. The number of administrative employees varied, depending upon the size of the cooperative. Generally, however, the percentage of administrative employees was higher than that found in industry. Generally, a bookkeeper and one or several production managers, usually foremen, were to be found in each cooperative. When a cooperative was made up of several workshops, the administrative office of the cooperative was usually located with one of the workshops.

14. Ordinary labor cooperatives engaged in industrial production received allocations of raw materials from voivodship or national unions. Auxiliary cooperatives, often forced to locate their own raw materials, generally had to use low category materials (material odpadkowy).

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[redacted] wages were paid on a piece work basis and were, in general, low. In an attempt to force the individual members of auxiliary cooperatives to close their private enterprises and to join the labor cooperatives or to become workers in nationalized enterprises, additional income and turnover taxes were exacted.

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Organisation of the National Union of Labor Cooperatives

16. The member unions of the National Union of Labor Cooperatives took their names from the products which they manufactured.

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National Unions of Labor Cooperatives

- a. National Union of Textile and Clothing Cooperatives (Krajowy Związek Spółdzielni Włókienniczych i Odszycowych) located in Warsaw, which controlled about 50 cooperatives.
 - b. National Union of Leather Products Cooperatives (Krajowy Związek Spółdzielni Skórzanych), located in Krakow, which controlled about 40 cooperatives.
 - c. National Union of Wooden Products Industry Cooperatives (Krajowy Związek Spółdzielni Przemysłu Drzewnego) which was located in Warsaw.
 - d. National Union of Medical Equipment Cooperatives (Krajowy Związek Spółdzielni Sprzętu Medycznego) which was located in Warsaw.
 - e. National Union of Folk and Art Crafts Industry Cooperatives (Krajowy Związek Spółdzielni Przemysłu Ludowego i Artystycznego) which was located in Warsaw.
17. In organisational structure, the National Unions of Labor Cooperatives closely resembled Voivodship Unions of Labor Cooperatives. Not all of the cooperatives controlled by the national unions had service points as did the labor cooperatives controlled by the voivodship unions. The National Union of Folk and Art Crafts Industry had, in addition, branch offices in some of the voivodships which controlled the cooperatives in their areas. The National Union of Folk and Art Crafts also had retail model shops (sklepy wzorcowe) in large voivodship towns where their products were sold. Otherwise, the organization of individual cooperatives subordinated to the national unions of labor cooperatives was the same as that of any voivodship union labor cooperative. The National Unions of Labor Cooperatives controlled the best labor cooperatives, located all over Poland, and detached from the control of the voivodship unions of labor cooperatives. The production of national unions was centrally planned by the GZSP and they received 100 percent allocation of raw materials necessary for their production.

Planning

18. The initial Six-Year Plan, fulfilled at the end of 1955, had not foreseen the big growth which was to take place in cooperatives. Because the GZSP was not created until the fall of 1954 when the Six-Year Plan had officially ended [redacted] there were no good production statistics available. The only figures of production [redacted] were for 1955 when the production plan was completed with surpluses in some industries,

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and deficits in others. As examples [redacted] hosiery by 200 percent, quilts by 300 percent, mattresses by 350 percent, summer shoes manufactured from textiles by 25 percent, and summer shoes manufactured from rush by six percent.

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19. The Five-Year Plan, originally worked out according to the directives of the State Economic Planning Commission, was discussed. amended [redacted]

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[redacted] PKPG directives, received in the first quarter of 1955, set up general percentage values for the entire production, both in permanent prices (1957 level), and in current market prices. [redacted]

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[redacted] a successive increase in production was planned to take place from 1956 to 1960. The CZSP planning department divided these figures set down by the State Commission of Economic Planning schematically between the voivodship and the national unions of cooperatives, and the plan was discussed first within the CZSP, and later with the PKPG. The coordinated plan remained with the CZSP, subordinated voivodship unions were not informed of its contents.

20. Late in 1955, the Central Committee of the PZPR issued directives ordering that the Five-Year plan be discussed and worked out not only on top levels of the CZSP, but also in the factories, enterprises, and in the cooperatives actually engaged in production. The CZSP then issued a general instruction to this effect, and such discussions resulted in about ten percent of the cooperatives. At these meetings, representatives of the CZSP and of the voivodship and national unions of labor cooperatives were present in order to insure that no resolutions calling for reductions in production should be passed. The resolutions resulting from these meetings were submitted to the CZSP but. [redacted]

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[redacted] the production quota of shoes for 1957 was lowered from the 1956 quota of 8,500,000 pairs of shoes to about 7,700,000 pairs. In the summer of 1955, the PKPG issued new directives concerning the plan for 1956, ordering that, as far as cooperatives were concerned, the CZSP was to prepare:

- a. A central plan embracing about ten percent of all cooperatives, to include all national unions of labor cooperatives and the best of the cooperatives subordinated to the voivodship union. In the latter group were seven of the 240 textile cooperatives, eight of the 500 clothing cooperatives, and 35 of the 500 leather goods cooperatives.
- b. A local plan (terenowy) to take in the other 90 percent of all cooperatives subordinated to the voivodship unions.

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21. As the CZSP worked out the plan for 1956, the quotas of production received from the PKPG were divided between subordinated voivodship unions, and were sent to them along with a directive concerning general development of cooperatives and additional data concerning such matters as employment and supplies. The plan as worked out by the CZSP only, did not contain this so-called assortment plan. The cooperatives which were included in the central plan received detailed directives for the working out of their 1956 plans on such matters as the general value of production, and specifications concerning assortment, employment, and finances. However, voivodship unions of labor cooperatives had many more liberties than formerly. They worked out their own plans, including the assortment plan, after consulting with the voivodship commission of economic planning, with the departments of trade within the voivodships, with the people's councils, and with the local supply and sales centers subordinated to the Ministry of Internal Trade.

22. Confusion and difficulties, especially concerning deliveries of materials necessary for production, came about in January of 1956 when the plan for 1956 was not ready. [redacted] the voivodship unions of labor cooperatives did not all submit their local plans to the CZSP and that, as a result, the CZSP did not know exactly what was being produced since the periodic reports submitted by the local unions to the CZSP did not always give a true picture. Thus, the comprehensive reports prepared by the CZSP often contained inaccuracies. [redacted]

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[redacted] a total of 8,500,000 pairs of shoes, including 600,000 produced from rush, were to be produced by the cooperatives. [redacted] in the first quarter of 1956, 1,650,000 pairs of shoes were produced in comparison to the 1,770,000 pairs planned for production.

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Reporting

23. Reports from all levels of the cooperative organizational complex, including the comprehensive reports prepared by the CZSP, were submitted monthly, quarterly, semi-annually, and annually. These reports, submitted on forms approved by the Main Statistic Bureau (GUS), covered such topics as the implementation of production, sales, costs, and employment. These reports were often inaccurate, due either to the fact that they were prepared by untrained personnel, particularly from the individual cooperatives, or because they contained deliberately falsified information designed to cover irregularities. Reports from individual cooperatives were also often submitted late, thus contributing to an increasing number of errors in the comprehensive reports prepared by the voivodship and national unions and by the CZSP on the basis of these

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reports. [redacted] warnings and orders
against the issuing of false reports went unheeded.

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Supply of Materials

24. In 1955 and 1956, the PKPG allocated the raw materials and the semi-finished products necessary for the production planned in cooperatives which were included only under the central plan. Other cooperatives, those subordinated to the voivodship unions, received about 80 percent of needed raw materials from the PKPG. [redacted] only about 25 to 30 percent was of good quality, the rest was of second quality or was useful scrap material (usyteosne odpady surewcowe) which was a by-product of the production of key industries. The remaining 20 percent of raw materials needed by cooperatives subordinated to the voivodship unions was allocated by local provincial authorities from non-useful scrap materials (besusyteosne odpady surewcowe) which were not controlled by the State Commission of Economic Planning. The GZSP worked out the distribution table for materials allocated from the PKPG to the subordinate unions. Raw materials deliveries to the voivodship unions or to cooperatives were made by procurement and supply centers subordinated to the Ministry of Internal Trade, according to plans which involved much paper work. Delay in deliveries often caused difficulties in production [redacted] a general deficiency in raw materials deliveries existed in 1955 and 1956. [redacted] a serious shortage of cotton yarn resulted when several spinning mills were forced to close due to shortages of leather and of coal in the winter of 1955-1956.

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Distribution of Production

25. Goods produced by the cooperatives subordinated to the voivodship unions were, as a rule, distributed to, and sold by, sales centers and retail shops in the areas of production. Voivodships which produced more than could be consumed in the area sent their surplus to other voivodships. The production of cooperatives subordinated to the national unions of cooperatives was sold through subordinated sales centers, or was distributed according to the directives of the PKPG which were themselves governed by agreements reached with the Ministry of Internal Trade. [redacted] the cooperatives encountered many difficulties in conducting their internal trade. Since trade organizations received premiums for the turnover of goods, they preferred to deal only with products of high value. It sometimes happened that sales centers did not wish to receive the goods which they had ordered from cooperatives, and so withdrew from agreements previously reached.
26. Prices for products manufactured by the cooperatives which were included in the central plan were fixed by

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[redacted] 25X1

the State Economic Planning Commission. The prices for goods produced by the rest of the labor cooperatives were fixed, as a rule, by the local authorities of the voivodships in cooperation with voivodship unions of the cooperatives. [redacted]

[redacted] 25X1

[redacted] in general, their prices were higher than were those for goods produced by key industries. This was especially true in the case of cotton fabrics of low quality for which there was little demand. The purchasing public often preferred products manufactured by cooperatives rather than those offered by key industries. [redacted] the average quality of cooperative production was higher than that of the key industries except in cases where cooperatives did not have trained and experienced craftsmen. More variety was also offered by the cooperatives.

Export

27. [redacted] 25X1

[redacted] in 1955, the export plan for leather goods and textiles was implemented at about 60 percent. [redacted] most of the goods exported was produced by the Folk and Art Crafts Industry cooperatives. Goods exported to the West included: handmade shoes, fancy leather goods, Christmas tree decorations, toys, and brooms made from sorghum. Some articles of clothing were exported to the Far East.

Machinery and Equipment

28. The machines, equipment, and tools owned by the labor cooperatives were usually worn and old. With the exception of the very few model machines, the labor cooperatives often used the equipment discarded by key industries. Textile cooperatives were mechanized; shoe cooperatives were only partly mechanized. Clothing producing cooperatives had almost all pre-World War II machines, although new sewing machines (Inosnik) of Polish production were being received.
29. Machines and equipment owned by the cooperatives were repaired by the workshops and enterprises of the machine industry. A plan was in existence to organize in every voivodship a repair and maintenance workshop for the use of the labor cooperatives. The establishment of three such shops was already in progress in May 1956.
30. [redacted] the sum of money allocated by the UZSP for capital investments for the workshops in 1955 and 1956 was reduced by about 40 percent at the time of implementation. 25X1

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Bureaucracy and Inefficiency

31. [] the CZSP was badly organized, over-centralized, and that its management was bureaucratic. [] the Administration of Textile, Clothing and Leather Goods Production, had 21 employees, including a director, a vice director and one secretary, and was responsible for the entire planning, supervision, and production implementation for about 1,360 labor cooperatives located all over Poland and subordinated to 19 different voivodship unions. The fact that these cooperatives were of different sizes, employed a variety of personnel types, and used many different machines further complicated management problems faced by this small staff. Similar situations existed in other departments of the CZSP. 25X1 25X1
32. [] there was a shortage of experienced and properly trained administrative personnel within the CZSP, in the provincial and national unions, and within individual cooperatives. [] 25X1 25X1
- [] Almost all matters were decided on a case-to-case basis, without proper coordination or analysis of previously issued directives or plans, or a proper knowledge of the local situation. [] the chairman of the CZSP was responsible for the methods of management, [] he acted in a dictatorial fashion, leaving little freedom and authority to his deputies, or vice chairmen, or to the chairmen of the subordinated unions. 25X1
33. [] the labor cooperatives fulfilled an important role in Polish economy by supplementing the production of key industries. When the key industries were not able to fulfill their production plans, this situation could often be quickly balanced by the production from the existing thousands of cooperatives which, because of their small size, could be easily shifted from one production to another. [] the production capacity of the labor cooperatives was not fully exploited, and could be increased by about 25 percent if they were provided with necessary raw materials. About 70 percent of the labor cooperatives worked one shift per day, the other 30 percent worked two shifts daily. No labor cooperatives worked daily shifts. 25X1 25X1

Irregularities

34. A large percentage of the administrative personnel of the labor cooperatives was from that element of the population which became accustomed to illegal deals and black marketing in order to survive during the years of

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the German occupation, of World War II and in the first post-war years. [] they considered it proper to cheat the Communist regime in order to improve their standards of living and for patriotic reasons. Disorders and laxities in the administration of controls, especially in the supply of raw materials, provided an excellent opportunity for such deals. [] theft of raw materials and illegal production of goods for the free market was very common in the individual cooperatives.

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35. [] about 25 percent of the CZSP employees, mainly those concerned with supplies, production, and sales, accepted bribes regularly in either cash or kind from individuals or organized gangs in return for such favors as extra allocations of raw materials, approval of higher retail prices, favorable reports on work efficiency and quality of products, or for permission to continue auxiliary production.

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[] the number of administrative employees who received bribes was even higher in the voivodship unions, while in the national unions of cooperatives, the number of people involved in bribery was no more than five or ten percent. [] the former chief of the supply section of the National Union of Leather Goods Cooperatives in Krakow was arrested for long-time illegal dealings with a tannery in Krakow and [] in connection with this case, the director of the Supply Administration of the CZSP was also arrested. In other cases, high deficiencies were discovered in provincial sales centers, and in warehouses which stored raw wool spun by peasant women.

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Party Control

36. The CZSP, as a central government department, was controlled by the Central Committee of the PZPR in the political as well as in the economic field. The Central Committee of the PZPR was interested in the political activities of the CZSP's head office and in those of the subordinated unions. The secretary of the basic Party organization was obliged to report any serious incidents.
37. The Department of Light Industry of the Central Committee of the PZPR regularly sent out so-called instructors to the subordinated unions and individual cooperatives who carried out thorough inspections of both political and production activities. These instructors often participated in board meetings of the CZSP and of the provincial unions.
38. The chairman, deputies, and directors of departments and administrations of the CZSP were often summoned to the offices of the Central Committee in order to discuss current political matters. The general economic policy concerning development of labor cooperatives and the liquidation of private ownership was a frequent topic of such meetings. As the government's policy on this matter

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tended to be inconsistent, there were periodic rumors and alarms concerning possible liquidation of auxiliary cooperatives and remnants of private enterprise. After the 20th Congress of the CPSU [redacted] there was talk that the government's policy concerning liquidation of private enterprise would be relaxed, and that private craftsmen and cottage industries would receive more help and be granted more freedoms than in the past.

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39. The basic Party organization (POP) of the CZSP was subordinated to the district committee (warszawa srodmiesto) of the PZPR. The POP was divided into four groups, one located in each of the four main offices of the CZSP, each with its secretary and executive board. The entire POP had about 250 members, thus, they made up about 25 percent of the total number of CZSP employees. The POP, however, was not active and, after the 20th CPSU Congress, meetings were seldom held, and all Party members did not attend those held. Weekly meetings of the executive boards continued, however, and Party training continued during nine months of the year. The first secretary of the POP, Opiela (fnu), was the director of the Vocational Training Department. Formerly an instructor of the Central Committee of the PZPR, he was approved for this position by the Central Committee of the PZPR. The executive boards of the POP in subordinated unions and cooperatives were mainly engaged in personnel matters although they often also interfered in economic matters.

Salaries

40. All administrative employees in the head office of the CZSP, with the exception of typists and physical laborers, were paid monthly salaries on the basis of their individual contracts (ryczalty). Gross salaries, from which income taxes were yet to be deducted, are listed [redacted]

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- | | |
|---|----------------------|
| a. Directors of departments and administrations | 2,600 - 3,200 Zlotys |
| b. Vice Directors | 2,150 - 2,600 Zlotys |
| c. Chiefs of Sections | 1,900 - 2,150 Zlotys |
| d. Senior Inspectors | 1,600 - 1,900 Zlotys |
| e. Inspectors and Senior Employees | 1,200 - 1,600 Zlotys |
| f. Employees (<u>Referent</u>) | 1,100 - 1,400 Zlotys |
| g. Junior Employees | 700 - 1,100 Zlotys |
| h. Secretaries | 900 - 1,100 Zlotys |

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After 1 June 1956, all employees of the head office of the CZSP received raises amounting to 15 to 20 percent of the above listed salaries.

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41. The administrative employees of the voivodship and national unions of labor cooperatives received premiums for implementing production plans in the subordinated cooperatives in addition to their basic salaries. In some of the voivodship unions such as in Kielce, Rzeszow, Olsztyn, and Wroclaw, the employees seldom or never received any premiums because the subordinated cooperatives in their areas often did not fulfill production plans.

42. [redacted] individual members of cooperatives [redacted] were paid on a piece work basis and, in order to earn more money, most cooperatives worked a 12 hour day. [redacted] labor cooperatives engaged in services were generally not profitable, hence their deficits were usually made up by the income from production cooperatives.

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Security

43. The security precautions exercised at CZSP installations were lax in comparison to those exercised in ministries and in other state enterprises. General policy matters, some production plans, investments, and personnel records were classified "secret" or "confidential". Matters concerning military production were classified "secret" and the rooms in the special production department where documents and correspondence concerning military production were kept were equipped with iron bars and nets on the doors and windows.
44. Permanent personnel of the head office of the CZSP had employment identity cards, but these cards were not checked when personnel entered or left the building. Outside visitors could also easily enter and leave without passes. A regulation existed stating that everyone working after office hours had to have a written permission, but this was disregarded and [redacted] the offices were not checked after working hours. Each building had a janitor only on duty.
45. Offices of the voivodship and national unions of labor cooperatives had the same security regulations as did the CZSP. Workshops, warehouses, and other buildings belonging to individual cooperatives were guarded by janitors and by night watchmen.

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Types of Cooperatives subordinated to the CZSP

1. Labor Cooperatives (Speldzielnie Pracy) in the below listed categories:
 - a. Clothing cooperatives (odzieżowe). About 500 in number.
 - b. Textile producing cooperatives (włókiennicze). About 240 in number.
 - c. Leather goods cooperatives (skórsane). About 500 in number, they were of the following types:
 - (1) Shoemaking cooperatives.
 - (2) Fancy leather goods cooperatives.
 - (3) Small tanneries cooperatives.
 - (4) Fur processing cooperatives.
 - d. Metal electro-technical cooperatives (metalowo-elektryczno techniczne).
 - e. Wood, paper, and miscellaneous products cooperatives (drzewne, papierowe i różne).
 - f. Chemical-pharmaceutical-constibles production cooperatives (chemiczno-farmaceutyczny-spozywcze).
 - g. Miscellaneous industrial products (wielobranżowe) including the cooperatives producing building materials, glass products, ceramics, and pottery.
2. Folk and art crafts cooperatives (przemysłu ludowego i artystycznego) whose products were of all types.
3. Fishing cooperatives (rybackie).
4. Cooperatives employing disabled persons (inwalidzkie).
5. Service cooperatives (usługowe) which included:
 - a. Trade repair workshops, dry cleaning, photography, bookbinding, barbers, house-cleaning and domestic services, child care, and all office services ranging from typing to efficiency management.
 - b. Transportation cooperatives (transportowe).
 - c. Building construction and repair cooperatives (budowlano-remontowe).
6. Cottage production cooperatives (chałupnicze). These cooperatives supplied materials and marketed the products

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made mainly by women in small towns and villages who worked in their spare time at home.

7. Auxiliary cooperatives (pomonense). These cooperatives were made up mainly of craftsmen who worked in their homes using self-owned tools and machinery. The auxiliary cooperatives supplied the raw materials and marketed the finished products so produced.

ENCLOSURE: A

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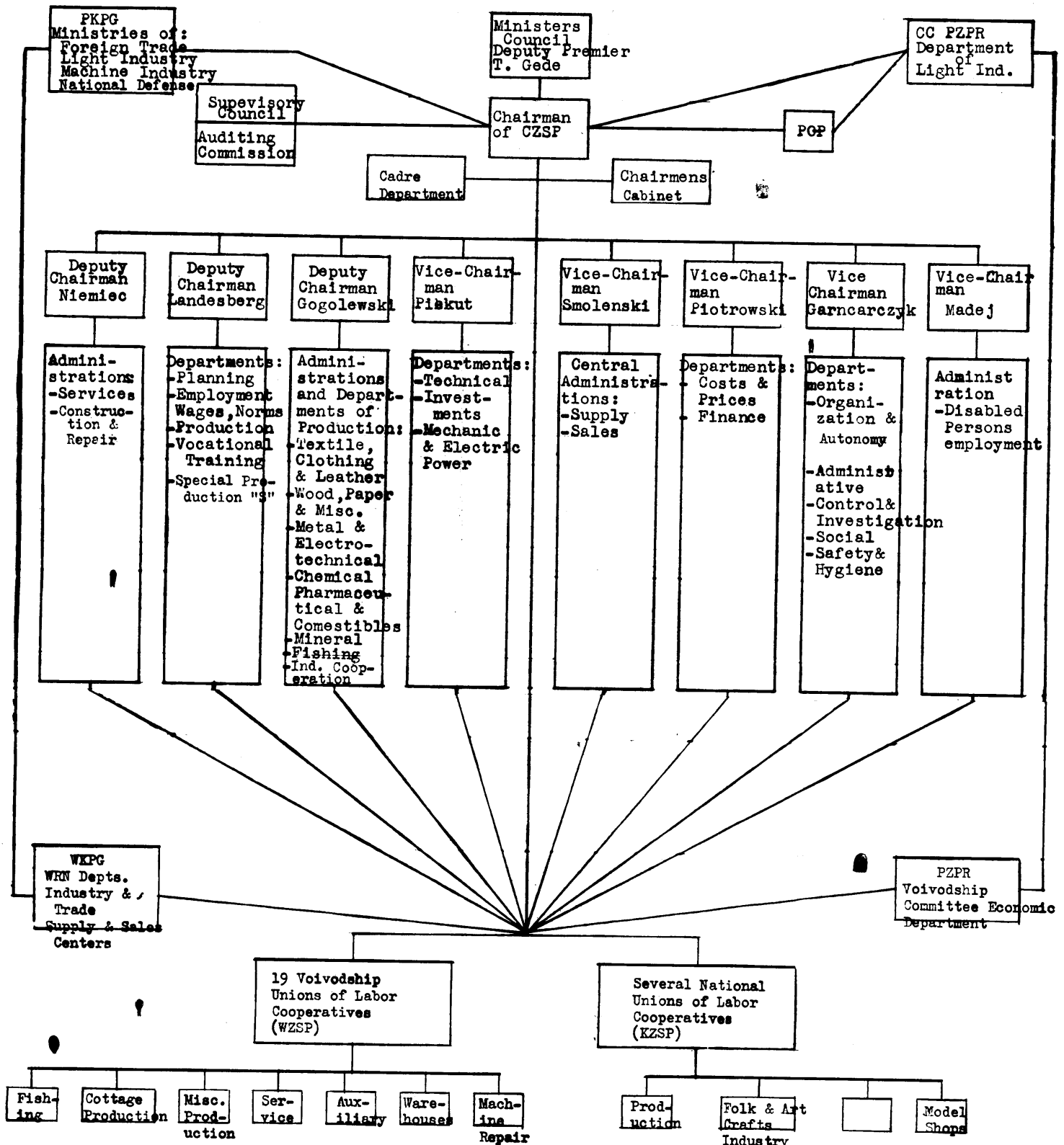
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Enclosure A

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Organizational Structure of Central Union of Labor Cooperatives

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